



## **Transportation Finance Issues**

### **What's the history of transportation funding in Wisconsin?**

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#### **1960's-70's: disinvestments in transportation**

- After building most of the state's Interstate highway system with federal funds, Wisconsin went 14 years (from 1966 to 1980) without an increase in highway-related transportation fees.
- During this period, there were two energy crises that triggered massive inflation, causing the value of user fees to shrink dramatically.
- Congress also enacted the Corporate Average Fuel Economy (CAFÉ) with an accelerated timeline that caused a reduction in motor fuel use.
- As a result of disinvestments in the highway system during this time period, travelers regularly encountered posted bridges, obsolete roads, growing congestion, potholes and rapidly deteriorating pavement.

#### **1980's: period of rebuilding**

- The 1980's saw strong bipartisan support for staged increases in highway user fees to restore the existing system and make targeted investments in capacity projects. There were also increases in local transportation aids and state transit assistance.
- Statutory fee increases approved in the 1980's included:

1980	2 cent per gallon gas tax increase
1981	4 cent per gallon gas tax increase
	\$7 increase in vehicle registration fee (\$18 to \$25)
1983	2 cent per gallon gas tax increase
1984	1 cent per gallon gas tax increase
1987	2 cent per gallon gas tax increase
- The 1983-85 budget created indexing as a way to annually adjust the gas tax and maintain the buying power of gas tax revenues.

- The first indexing adjustment took place on April 1, 1985 with a five-tenths increase in the gas tax (16 to 16.5 cents). In 1989, the indexing adjustment resulted in a one-tenth reduction in the state gas tax.
- During the 1980's the Legislature also created the major projects revenue bonding program and the Transportation Projects Commission to provide funding for majors and a forum for Legislative input into the selection of projects.

### **1990's: modest revenue increases**

- During the 1990's, there was one statutory increase in the state gas tax – a one cent per gallon increase that took effect on November 1, 1997.
- In 1997, the Legislature changed the indexing formula to remove the consumption factor and have the gas tax indexed only to inflation.
- Vehicle registration fees were increased twice during the 1990's. Fees were raised from \$25 to \$40 in 1991 and from \$40 to \$45 in 1997.
- Significant new federal transportation funding was obtained through ISTEA and TEA 21, increasing total investments in state highways, local roads and bridges and transit assistance. The Congestion Mitigation and Air Quality Improvement and Enhancements Programs were also created.
- Highway investments during the 1990's included significant progress on building the Corridors 2020 system backbone routes, some new capacity projects, pavement replacement and local road improvements.

### **2000 to present: commitment maintained during tough times**

- Since its creation, indexing has provided 9.5 cents per gallon in increases to help maintain the purchasing power of the gas tax. As of April 1, 2003, the state gas tax was set at 28.5 cents per gallon.
- Vehicle registration fees increased from \$45 to \$55 on October 1, 2003. The title transfer fee on all vehicles increased from \$25 to \$35 on October 1, 2003.
- Bonding authority expanded for use on state highway rehabilitation and southeast Wisconsin freeway projects (Marquette Interchange) in addition to the major highway program.